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SUBJECT: FINLAND PUBLISHES NATIONAL CLIMATE STRATEGY

REF: HELSINKI 419

11. SUMMARY: The Government of Finland (GOF) published its long-awaited National Climate Strategy on November 6th, 2008. The Strategy reviews the GOF's efforts to date in meeting Kyoto Protocol and EU greenhouse gas (GHG) reduction targets, and provides a detailed plan of action to meet GHG emission targets beyond 2012. The strategy emphasizes increased utilization of economically and environmentally viable renewable resources such as biomass and wind power, but also raises the politically sensitive question of increased nuclear power generation, albeit for domestic consumption only, and not for export. The strategy also revitalizes Finland's focus on energy efficiency. END SUMMARY.

EU TARGETS AND INCREASED ENERGY CONSUMPTION POSE CHALLENGES

12. When the EU reallocated its 8% Kyoto emission reduction goal among its members in 2002, Finland was required to reduce GHG emissions to 1990 levels during the initial period of 2008-2012. In 2006, Finland's emissions were 13% above 1990 levels, mainly due to coal combustion for public electricity. Since this time, the GOF has implemented an aggressive campaign to increase its use of clean fuels - mainly via forest residues (see reftel), nuclear energy and wind power, a strategy that will remain in place in the future.

13. Although Finland has made progress, new challenges lie ahead. Current trends project an increased demand for energy - primarily from industry - over the next decade that could negate the GOF's present emission reduction efforts. Additionally, the EU has stipulated that to meet such demand, 38% of Finland's energy production by 2020 must come from renewable sources. Finland must also meet the EU emission reduction target of 16% below 2005 levels for the post-2012 period.

FINLAND FOCUSES ON EFFICIENCY, WIND AND BIOMASS

14. To address these challenges, Finland will increase its research efforts in improved energy efficiency and alternative energy. The renewal of Finland's ten-year old policy of improving energy efficiency will aim to halt and reverse the growth in final energy consumption, a critical element in meeting its targets.

15. To stimulate the use of renewable energy, the GOF will increase its use of wood-based energy, waste fuels, heat pumps, biogas and wind energy. The use of forest chips will be increased by up to three times over the current levels. By 2020, Finland will harness 6TWh of wind energy, requiring the construction of a minimum of 700 new 3MW wind power plants. Finland is also studying the implementation of a cost-effective feed-in tariff system, operating on market-like terms.

NUMBER OF NEW NUCLEAR PLANTS STILL IN QUESTION

¶6. The Strategy also acknowledges the need for more nuclear capacity to replace emission-producing power plants, and to improve Finland's energy self-sufficiency. The document recommends that the GOF decide on the number of new plants before the 2011 general election. In a recent press release, Minister of Economic Affairs and Centre Party member Mauri Pekkarinen said that he was prepared to build more nuclear plants, on the condition that no approved nuclear plant will be used exclusively for electricity export. The Green Party opposes any increase in nuclear generating capacity.

STRATEGY PREPARED BY MINISTERIAL GROUP

¶7. The National Climate Strategy was prepared by the Ministerial Group for Climate and Energy Policy, chaired by the Minister of Economic Affairs Mauri Pekkarinen. The Strategy was presented to Parliament on November 12th for its review. Officials at the Ministry of Economy and Employment expect Parliament to make only minor changes, which would be subsequently folded into the Strategy. The GOF is also preparing the Foresight Report on Climate and Energy Policy, which prepares climate change policies for the long-term through 2050. The Foresight Report is due to Parliament in Spring 2009.

8.COMMENT: Finland's National Climate Strategy provides a committed and sensible approach to meeting GHG emission targets. Finland is greatly concerned about the impact of global warming on its environment, particularly as it affects the health of the Arctic Circle and Baltic Sea. The country is equally concerned about energy security. Eleven percent of Finland's energy needs are now met by natural gas, 100% of which is supplied by Russia's Gazprom. Over 50% of its electricity imports also come from Russia. Increased nuclear capacity will provide greater energy independence, but will be met by some domestic resistance, particularly from the Green Party. Full implementation of the strategy, with its pragmatic focus on diversification and self-sufficiency, will help mitigate Finland's energy security concerns, while meeting its international climate commitments. END COMMENT.

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